

Fiscal Management Division
Statewide Fiscal Oversight Dept.
Expenditure Audit Section

September 10, 2018

Final

Desk Audit – Charge Card Program 743 – University of Texas – San Antonio



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Executive Summary

Audit best practices indicate that data analytics has a critical role in uncovering fraud, waste, abuse and monitoring risks. The Comptroller's Fiscal Management Division, Expenditure Audit (EA) section now uses data mining techniques to:

- Run statewide systems reports to identify instances of possible fraud, waste, abuse and/or noncompliance.
- Follow up on any instances found by performing desk audits.

The desk audits are conducted in accordance with Texas Government Code, Section 403.011(13) and assist EA with the annual risk assessment for the post-payment audit process.

In this instance, auditors conducted desk audits of certain agencies' activities based on ad hoc reports from the Uniform Statewide Accounting System (USAS) and provided by Citibank. These desk audits help determine if state agencies and institutions of higher education have adequate monitoring controls over the purchase and travel cards payment process, which prevents rebate losses from the Citibank Charge Card Program.

University of Texas at San Antonio (University) was identified as an agency with nine credit card payments totaling \$18,614.63 using the incorrect billing account number in violation of the Comptroller's policy requirements prescribed by [*Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)*](#) and [*USAS and CAPPS Financial Invoice Number Field Requirements \(FPP E.023\)*](#).

In a letter dated Aug. 11, 2017, auditors requested the University provide its written policies and procedures relating to the recording of purchase and travel card payment transactions in USAS.

The detailed results of the completed review of the University's policies, procedures and supporting documentation are described in this report's Detailed Issues and Findings and cover the University's following issues:

- The University used the full 16 digits of central billing account (CBA) numbers to process nine credit card payments (consisting of 44 line items) instead of just the last 10 digits.
- The University did not append additional information to the CBA number using the correct separator according to the instructions in the Comptroller's FPP.

Detailed Issues and Findings

Below is a summary of the University's policies, procedures and supporting documentation review:


The University stated in its audit response that effective August 2017, the invoice number added to all procurement card vouchers contains the last 10 digits of the master account number, but that prior to August 2017, it contained the entire 16 digits. In addition, the University's PeopleSoft system generates a sequential number that serves as a unique identifier for each payment. This sequential number is added to the master account number, separated by an underscore (_). The University also clarified that the University's Accounting Services pulls the required data for eligible charges from PeopleSoft three times a month into a report, which is then submitted into USAS to be posted for reimbursement. Upon further review of the ad hoc report, auditors found that all payments had payment issue dates before August 2017.

The University also discussed briefly its procedures for other types of charge cards (corporate liability individual billed account [CLIBA] travel cards, travel advance cards, and "OneCards"). Since all the payments on the ad hoc report were for purchases on the procurement cards, no further review of these procedures was performed.

The University processed nine payment transactions (consisting of 44 line items) using the full 16 digits of the CBA number. For each line item, the University also added information after the CBA number separated by an underscore. These do not follow FPP A.043 and FPP E.023, both of which dictate that only the last 10 digits of the CBA number is to be used. If the agency wishes to include other information after the last 10 digits of the CBA number, such information must be separated from the 10 digits with a dash (-), without spaces before or after the dash.

Per FPP E.023, payees must be able to identify and reconcile payments they receive from state agencies and institutions of higher education (agencies). The invoice number field in USAS should be used to provide payees with the payment-related information needed to reconcile payments.

Entering procurement and travel card transactions in USAS requires special considerations for timely reconciliation of payments. The University states that all its procurement card payments to Citibank automatically post to the master account and do not depend on the invoice number. However, the risk exists that payments that do not include the correct information in the invoice number field will not post to the correct account(s) on a timely basis, leading to the account(s) becoming delinquent and ultimately resulting in lost rebate dollars. Citibank's system posts payments received from the State Treasury based on information in USAS. The automated interface expects the last 10 digits of the CBA number, with no spaces or dashes. If Citibank's system retrieves an unexpected value due to incorrect entry in the invoice number field, it will be unable to post the payment automatically. Citibank must then manually research the rejected entry and post the payment to the correct account, which could cause delays in posting.



Also, FPP A.043 and FPP E.023 are consistent with the current Payment Card Industry (PCI) Data Security Standard (DSS). The DSS requirement “Protect stored cardholder data” (Requirement 3) dictates that the primary account number be rendered unreadable anywhere it is stored. This can be done by truncating a portion of the account number. The FPPs require truncating the first six digits of the CBA number. Therefore, the FPPs should be fully and consistently followed for every payment transaction.

Incorrect Billing Account Number

Finding

The University processed nine card payments (consisting of 44 line items) for \$18,614.63 using the full 16 digits of the CBA number instead of just the last 10 digits. Using the full 16 digits may result in the vendor (Citibank) not being able to directly or timely post payments to the University's purchase and travel card accounts.

Recommendation/Requirement

1. The University must comply with FPP A.043 when processing card payments. When travel or procurement card charges are being paid, only the last 10 digits of the University's CBA number are to be entered in the invoice number field. It should be noted that while the CBA number happens to be 16 digits, it is not an actual credit card number. Also, any other information which the University wishes to add to the 10 digits as a suffix must be separated by a dash with no spaces before or after.
2. The University must use and reference FPP E.023 when processing CBA and CLIBA invoices. Per FPP E.023, agencies have the responsibility to keep confidential information private, including credit card numbers. FPP A.043 and FPP E.023 comply with the current PCI DSS requirements and therefore should be fully and consistently followed for every payment transaction.
3. Auditors acknowledge that the University updated relevant policies and procedures for processing payment transactions on procurement cards effective August 2017. However, the University's procedures should be further modified to comply with FPP A.043 and FPP E.023, which require that a dash be used to add information after the last 10 digits of the CBA number.

University Response

1. *University management agrees with this recommendation. As noted, a change was previously implemented in August 2017 to use only the last 10 digits.*
2. *University management agrees to keep confidential information private and to comply with the related regulations.*
3. *University management understands the current configuration of the procurement card file does not meet the regulatory requirements. The University will request a modification to the file so that it meets the required specifications.*

Point of Contact – Interim Associate Vice President for Financial Affairs and Controller

Date of corrective action – Dec. 31, 2018

Appendices



Appendix 1 — Desk Audit Process Overview

Desk audits are conducted by the Expenditure Audit (EA) section of the Comptroller's Statewide Fiscal Oversight Department within the Fiscal Management Division in accordance with Texas Government Code, Section 403.011(13).

Audit objectives

Desk audits use data mining techniques and reports from statewide systems to:

- Identify instances of possible fraud, waste, abuse and/or noncompliance.
- Follow up on any instances found by performing desk audits.

Comptroller's office responsibilities/supporting statute

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher in accordance with Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis in accordance with Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Methodology

1. Run ad hoc reports from USAS and Citibank.
2. Use one or more of the following audit criteria:
 - [State of Texas Charge Card Program](#)
 - [State of Texas Procurement and Contract Management Guide](#), Commercial Charge Card section
 - [Procurement Rules](#)
 - [Travel Policies](#)
 - [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)](#)
 - [USAS and CAPPS Financial Invoice Number Field Requirements \(FPP E.023\)](#)



Fieldwork

For each entity listed on the ad hoc report, auditors must perform the following:

1. Review the invoice number field on credit card reports. Indicate all payments where incorrect information was entered into this field.
2. Obtain and review the agency's written policies and procedures to gain understanding of how the agency enters credit card payments in USAS.
 - a. Do the agency's procedures comply with FPP A.043 and FPP E.023?
 - b. Were the procedures followed?

Reporting

The audit findings are reported formally to the audited agency in the form of a report. The audit report includes recommendations and requirements for implementing or improving preventive controls that help reduce associated risks.